

Fraser Inc.

Revised February 18, 1986 (IC)

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Corporate Office — 27 Rice St., Edmundston, N.B. E3V 1S9

Telephone — (506) 735-5551

THE COMPANY with its subsidiaries produces pulp, paper, boxboard and lumber from facilities in New Brunswick, Ontario, British Columbia and Maine, and operates the second largest privately owned tree nursery in Canada for reforestation purposes; products are sold in the United States, Canada and in Europe.

Fiscal Year	Total Assets	L.-Term Debt	COMPARATIVE DATA			Earns. Per Sh.	Divds. Paid	Price Range	
			Shldrs.' Equity	Net Sales	Net Inc. Oper.			High	Low
	\$	\$	000's	\$	\$	— Common Shares —			
1984.....	654,030	328,917	207,907	529,538	3,487	0.17	0.40	25.00	16.25
1983.....	622,693	312,393	207,088	435,913	10,755	1.25	0.20	22.00	12.13
1982.....	527,618	247,536	182,735	397,605	4,761	0.67	0.50	17.13	8.50
1981.....	443,933	154,835	179,886	422,172	16,183	2.30	1.30	28.88	16.50
1980.....	376,158	103,212	171,821	362,184	29,346	4.19	1.20	24.00	15.00

CONSOLIDATED CAPITALIZATION AS AT DECEMBER 31, 1984

	Outstanding	%
Long-term debt	\$328,917,000	61
Common stock	7,155,452 shs. 8,008,000	1
Preferred stock	191,376 shs. 19,138,000	4
Retained earnings	180,761,000	34

SUMMARY STATEMENT

The amalgamation of the company and Noranda Inc. was effective June 1, 1985. Minority shareholders received one series B preferred share issued by Noranda for each common share of Fraser held. The preferred shares, with a par value of \$26, are convertible into 1.3 Noranda shares at a price equal to 90% of the weighted average price of Noranda shares during the 20 trading days ending July 15, 1988, subject to a minimum conversion price of \$20 per share. If the conversion price exceeds \$26, the holder will be required to pay 1.3 times the difference upon exercise of the conversion privilege. The shares are convertible from July 16, 1988 until July 15, 1995. On the latter date, the shares are retractable at \$26 per share. The preferred shares pay a 9.25% dividend until July 15, 1988, after which the dividend will equal 72% of the prime rate, with a minimum dividend rate of 7% and a maximum rate of 12%.

Interim results for the nine months ended Sept. 30, 1985, showed net sales up 6% to \$418,588,000 from \$393,196,000 for the similar period in 1985. Net income dropped 79% to \$1,132,000 from \$5,397,000. Equity earnings of associated companies rose to \$1,800,000 from a loss of \$800,000 for the same period in 1984. Cash flow more than doubled to \$16,800,000 from \$6,900,000. Gains were made by the Pulp and Boxboard divisions despite the over supply and fierce competition for forest products.

For the year ended Dec. 31, 1984, net income fell 68% despite a 21% increase in revenues to record levels. Paper operations showed a 95% increase in profits before interest and taxes. Offsetting losses were suffered in the market pulp and lumber operations.

N.B.—For quick reference data, see page 2.

HOWARD ROBERTS

The Financial Post

MAR 18 1986

INFORMATION SERVICE

ILLINOIS UNIVERSITY

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QUICK REFERENCE DATA

Major Shareholders—All shares owned by Noranda Inc.

Employees—At May 6, 1985, the company had approximately 3,800 employees.

Incorporated—Canada charter, June 27, 1917; founded in 1877; continuance, April 11, 1979, amalgamation, June 1, 1985.

Auditors—Peat, Marwick, Mitchell & Co., C.A., Montreal.

Fiscal Year Ends—December 31.

Annual Report Appeared—In March in 1985.

Annual Meeting—May 30 in 1985.

COMPANY

The company, a wholly-owned subsidiary of Noranda Inc., is engaged directly and through subsidiaries in the manufacture and sale of bleached and unbleached softwood sulphite and groundwood pulp; fine and groundwood specialty papers; coated and uncoated folding boxboard; and wood products; and in the operation of a tree nursery for reforestation purposes. Mills are operated in Thorold, Ont.; Plaster Rock, Kedgwick, Atholville and Edmundston (2), all N.B.; and Madawaska, Maine. Associated companies operate mills at Annacis Island, B.C. and Ashland, Maine.

OPERATIONS**Woodlands Division:**

The company has approximately 2,915 square miles or over 1,800,000 acres of timber limits and freehold lands in New Brunswick, of which 773,000 acres are freehold woodlands.

During 1984, the company harvested a total of 825,000 cubic metres of wood on crown and freehold lands.

This division operates the second largest privately owned forest tree nursery in Canada at Fraser Falls, N.B. where approximately 6,500,000 seedlings were planted in 1984.

Under the company's five-year Forest Management Operating Plan with the province of New Brunswick, the Woodlands division initiated the following forest management activities in 1984: a 2,900 hectare site preparation program for future seedlings plantations; a 4,300 hectare weed control program to promote growth of planted seedlings; a 2,800 hectare seedling planting program; and a 800 hectare spacing program. The company also treated 194,000 hectares of freehold limits under the province of New Brunswick's Spruce Budworm Spray Program.

Wood Products Division:

The group operates two sawmills with dressing mill, planer mill and dry kiln facilities at Plaster Rock and Kedgwick, N.B., with a combined annual capacity of more than 120 million board feet. From its timber resources the company cuts and mills eastern Canadian spruce for lumber used in residential and commercial construction in eastern Canada, the eastern U.S. and overseas, while by-product wood chips are used in the company's pulp mills.

Both sawmills are equipped with computerized scanning systems that read logs and set saw blades to cut the maximum amount of lumber for each log.

Marketing is handled by Northwood Mills Limited of Toronto.

In 1984, the Kedgwick and Plaster Rock, N.B. sawmills shipped more than 64 million board feet of lumber, an increase of 32% over 1983 shipments.

J.P. Levesque & Sons Inc., owned 50%, operates a sawmill at Ashland, Maine. Shipments from the Ashland

sawmill totaled 70 million board feet of lumber in 1984, representing a 49% increase over 1983.

The \$1,760,000 conversion of the Kedgwick mill to short dimensional lumber was completed in March, 1984. The conversion resulted in a 17% improvement in lumber recovery and increased productivity by 20%. By the third quarter, the mill was operating at 80% of capacity.

Pulp:

Through facilities at Atholville and Edmundston, N.B., the company produces bleached and unbleached softwood, bisulphite and groundwood pulp. Production capacity at the Atholville pulp mill is 326 tonnes per day of fully bleached magnesium bisulphate softwood and hardwood pulps. Pulp produced at the Restigouche mill in Atholville is mostly sold to external markets in North America and Europe. A small percentage is used internally at the company's papermaking operations. Norfibre, a division of Northwood Mills Limited of Toronto, handles all marketing of pulp output. Pulp produced at the Edmundston mill is pumped one mile to the company's paper mill at Madawaska, Maine, where it is used internally.

Total production in 1984 was 286,700 tonnes.

Boxboard Division:

This division produces coated and uncoated folding boxboards at the Edmundston, N.B. pulp mill. Output is sold for many consumer packaging applications in Canada through sales offices located in Montreal, Que., and Etobicoke, Ont. In 1984, the boxboard mill produced 31,822 tons.

Papers:

Paper operations are carried out through the Thorold division and through wholly-owned Fraser Paper, Limited. The Thorold division manufactures fine papers at a mill in Thorold, Ont. Fraser Paper Limited manufactures both fine and groundwood papers at its paper mill in Madawaska, Maine.

Paper produced is used for converting specialties, commercial printing, coated and uncoated publications, directories, catalogues, business forms, wall-coverings, coated labels, coated specialty packaging, business papers and envelopes. Paper output is sold in Canada and the U.S. through sales offices in Etobicoke, Ont., Montreal, Que., Greenwich, Conn., and Des Plaines, Ill.

The 100,000 ton-per-year fine paper mill at Thorold, Ont. is a major North American supplier of wallpaper base stock and also produces packaging papers and coated labels.

The Thorold division shipped a total of 99,200 tons of fine paper in 1984, an increase of 7% over 1983 shipments.

In 1984, shipments from the Madawaska, Maine paper mill were as follows: 139,275 tons of fine paper, including 24,564 tons of coated fine paper; 114,379 tons of uncoated groundwood paper; and 150,000 tons of coated groundwood paper.

Island Paper Mills Limited, owned 50% by the company manufactures paper at its 110,000 tons-per-annum mill at Annacis Island, B.C. A sales office is located in Los Angeles, Calif. In 1984, Island Paper shipped 62,000 tons of paper, an increase of 35% over shipments in 1983.

Sales—For sales of the company's products, see table on page 10.

Power Supply—At Edmundston, the greater portion of the power required is purchased from the New Brunswick Electric Power Commission, with the remainder generated by the company's own steam turbines. The Edmundston mill improved its rate of energy self-sufficiency to 63.8% by 1984 with the conversion of turbines and the installation of a heat recovery system. At Atholville, the greater part of the power is generated by the company's own steam turbines, and the remainder is purchased from the Commission. The Atholville mill is approximately 85% energy self-sufficient.

By 1984, the Madawaska and Thorold mills had reduced their costs for purchased energy by 60% compared to 1972.

PROPERTIES

Mills—Fraser Lumber—Plaster Rock and Kedgwick, N.B.; Fraser Boxboard—Edmundston, N.B.; Fraser Papers—Madawaska, Maine, and Thorold, Ont. These paper mills include nine paper machines, one dual-purpose paper machine and two on-machine coaters for the manufacture of fine papers, and three paper machines, two off-machine blade coaters and two super calenders for the manufacture of groundwood papers; Fraser Pulp—Atholville and Edmundston, N.B.

In addition, 50%-owned J. Paul Levesque & Sons Inc. operates a sawmill and Island Paper Mills Limited, a paper mill, at Ashland, Maine and Annacis Island, B.C., respectively.

Mill Capacities—The approximate capacities of the company's pulp and paper mills are as follows:

	Tons/day
Edmundston, N.B.	
Bleached sulphite pulp	*420
Unbleached sulphite pulp	*160
Groundwood pulp	*350
Paperboard	107
Madawaska, Me.	
Paper from chemical pulps	560-385
Groundwood specialty papers	745-590
Restigouche (Atholville, N.B.)	
Bleached sulphite pulps	375
Thorold, Ont.	
Fine & special papers	274
Annacis Island, B.C.▲	Tons/yr.
Fine papers	110,000
▲50%-owned.	
*All of Edmundston sulphite and groundwood pulp production is for internal use.	

■ Capacity figures range depending on which use of the dual-purpose machine is selected.

Sawmills—Plaster Rock, N.B.—Annual capacity of 50 million board feet; Kedgwick, N.B.—Annual capacity of 80 million board feet; Ashland, Maine (50%-owned)—Annual capacity of 100 million board feet.

CAPITAL EXPENDITURES

Net improvements to plants and properties in recent fiscal years have been as follows:

1975	\$9,186,000	1980	\$28,921,000
1976	23,144,000	1981	71,989,000
1977	44,459,000	1982	114,157,000
1978	53,646,000	1983	94,966,000
1979	53,306,000	1984	39,368,000

Capital expenditures of \$39,368,000 in 1984 were a substantial decline from the previous year's level. This reflects the completion of the last of the large capital programs. Expenditures in 1984 included new processing equipment at the boxboard operations and the completion in March 1984 of the modernization of the Kedgwick sawmill operations.

ACCOUNTING CHANGES

Effective Jan. 1, 1982 the company changed its method of providing for depreciation of production machinery from the straight-line basis to the units-of-production basis. Had the straight-line method been used in 1982 the net loss would have been increased by \$902,000.

Up to 1981 reforestation costs were expensed as incurred. Effective 1982 costs were capitalized and amortized to income as timber is cut at rates based on the relationship of unamortized timber costs to the estimated volume of recoverable timber. This had the effect of reducing net loss for 1982 by \$748,000. The 1981 earnings previously reported have been increased by \$753,000 and retained earnings at Jan. 1, 1981 have been increased by \$1,381,000.

Prior to 1982, investment tax credits were recognized as a reduction in the provision for income taxes in the years in which such credits were claimed for tax purposes. In 1982, they are recognized in determining the provision for income taxes to the extent that the credits would have been realized on the tax returns if taxes payable were based on reported earnings to shareholders. This change had the effect of reducing 1982 net loss by \$320,000 increasing the 1981 net

earnings by \$593,000 and increasing retained earnings at Jan. 1, 1981 by \$6,930,000.

In 1984, the company changed its method of accounting for foreign currency translation resulting in an increase in earnings by \$214,000 or 3 cents per share. Unrealized losses on long-term debt were reflected in other assets as a deferred charge.

HISTORY

The company was incorporated as Fraser Companies Limited under Dominion charter on June 27, 1917 (continuance under the Canada Business Corporations Act, April 11, 1979). The business had been established since 1877, operating, prior to 1917, under the names of: Donald Fraser & Sons, Ltd.; F. & M. Lumber Co., Ltd.; Fraser Lumber Co., Ltd., and Fraser Ltd.

Until 1917, the whole activity of the business was in lumber but with the incorporation of the present company, it entered into the manufacture of bleached chemical pulps. A new pulp mill was erected at Edmundston, N.B., for that purpose.

In 1925, the company started manufacturing paper through a subsidiary, Fraser Paper Ltd., which built a mill at Madawaska, Me., for the purpose of converting into bleached sulphite paper, the pulp manufactured by the parent company.

In 1925, the company acquired all the capital stock of Stetson Cutler & Co. Ltd., which carried on sawmill operations on the Restigouche River, N.B. Name of this company was changed to Restigouche Co. Ltd. in 1928. In 1930, it started producing bleached sulphite pulp in a new mill at Atholville, N.B. Later the company added the production of dissolving pulps to its operation.

In 1928, the manufacture of lightweight groundwood catalogue paper and other groundwood content specialties was started by the subsidiary, Fraser Paper Ltd. and at the same time the parent company started producing the necessary groundwood pulp for this operation. During the same year, the parent company started manufacturing paperboard.

On Apr. 1, 1931, the company passed the interest due on its 6½% 15-year debentures and, in 1932, found it necessary to readjust its financial structure due to its inability to meet its obligations. Details of the reorganization plan were as follows:

Capital Stock—Reduction of outstanding shares, leaving authorized capital at same amount, i.e., 500,000 shares of no par value; shareholders to receive one share for every 20 shares held, necessitating issuance of 20,189 shares.

First Mortgage Bonds—Exchange, par for par, of old bonds for new 6% sinking fund mortgage bonds maturing Jan. 1, 1950.

Secured Notes—\$3,000,000 new 6% first mortgage bonds of Restigouche Co. issued par for par in satisfaction of \$3,000,000, 6% secured notes of Fraser Companies Ltd. surrendered and cancelled. Interest accrued for the month of January, 1932, adjusted in cash.

Debentures and Unsecured Notes—Voting trust certificates, representing common shares of Fraser Companies Ltd. issued in satisfaction of its \$6,000,000 15-year, 6½% unsecured debentures and accrued interest and its \$500,000, three-year unsecured notes and accrued interest. Rate was two shares for each \$100 principal amount of such debentures and notes.

Prior Lien Bonds—The authorization of not over \$2,000,000 of 6½% ten-year prior lien bonds (Fraser Companies Ltd.) secured similarly but prior to first mortgage bonds for working capital purposes. Dividends on capital stock restricted to protect working capital position.

Voting Trust Agreement—Voting trustees appointed to vote on common shares of Fraser Companies Ltd., represented by the voting trust certificates issued to debenture and noteholders under the plan. (The voting trust was dissolved early in 1944).

Through deferment of interest charges and relief from sinking fund obligations under the 1932 reorganization plan, the company was able to take advantage of the improvement in its business and earnings to

enhance its current position. However, to resume regular bond interest payments on July 1, 1936, and to begin sinking fund payments on Dec. 1, 1936, in addition to paying the installments on account of deferred bond interest beginning July 1, 1937, would have seriously depleted the company's working capital position and the company compiled a plan for the disposal of deferred interest liabilities, which was approved by security holders at meetings on Apr. 28 and 29, 1936. The plan was as follows:

Prior Lien Bonds—Authority for issue of prior lien bonds was cancelled and the bonds were cancelled and discharged.

6% Sinking Fund Mortgage Bonds—Upon cancellation of the prior lien bonds, the outstanding \$10,610,500 principal amount of 6% sinking fund mortgage bonds was replaced by new bonds, designated as 6% first mortgage bonds, series of 1936, on a par for par basis. Accumulations of deferred interest, with interest on such interest, on the 6% sinking fund mortgage bonds and accumulations of deferred interest on the special bank loan were paid by the issuance of 186,866 shares of the capital stock of the company on the following basis:

(a) For each one-year period of accrued and unpaid deferred interest on bonds for the four years Jan. 1, 1932, to Dec. 31, 1935, shares in the capital stock of the company at the rate of five shares for each \$1,000 principal amount of bonds, making a total of 140,625 shares.

(b) In respect of unpaid deferred interest to Dec. 31, 1935, on the special bank loan, 46,241 shares were set aside.

Voting Trust Certificates—Assignable subscription warrants were offered to holders of voting trust certificates and common stock, of record Apr. 30, 1936, entitling them to purchase 1% additional voting trust certificates of \$12 each, for each common share or voting trust certificate held, the rights expiring June 30, 1936. Full exercise of this privilege would provide sufficient funds to pay all deferred interest in cash.

During 1937, all the common stock of Fraser Realities Ltd. was acquired in exchange for 16,000 shares of Fraser Companies, Ltd. common stock. The company owned the greater portion of the Temiscouata Seignior and timber limits on Blue River and St. Francis River in Temiscouata city, Que.

As of July 1, 1940, Fraser Realities, Ltd. was merged with Fraser Companies, Ltd., and subsequently the charter of Fraser Realities was surrendered.

An affiliated sales company, Fraser Industries, Incorporated, formed in 1932 to handle sales in the United States of the Madawaska mill of Fraser Paper, Ltd., discontinued business on Dec. 31, 1946, and was dissolved in 1947.

As at Jan. 1, 1958, the company acquired the business and assets and assumed the liabilities of its subsidiary, Restigouche Co. Ltd., subsequently known as the Restigouche Division of the company. The former subsidiary has since been wound up and dissolved.

In 1961, the company agreed to participate in the establishment by Rotheray Paper Corporation of a newsprint mill at Saint John, N.B. In 1963, the company exchanged some of its timber holdings in N.B. for preference and ordinary shares of Rotheray.

In September, 1964, the company sold to Scott Paper Company its groundwood mill at Sheet Harbour, N.S., together with 110,000 acres of freehold timber lands which were acquired from the Halifax Power and Pulp Company, Limited in June of 1963. These properties originally had been acquired by Fraser Companies as part of its participation in the establishment of the newsprint mill by Rotheray Paper Corporation.

In early 1966, Fraser Robinson Limited was formed by the company and E S & A Robinson (Holdings) Limited (since merged with John Dickinson & Company Limited) to take over and redevelop the company's bleached sulphite pulp mill at Atholville, N.B. The project has since been abandoned and the company's charter surrendered.

Under a letter dated Oct. 13, 1967, an offer to acquire all the company's shares (other than those owned by U.S. residents) was made by The Price Company, Limited. Basis of the offer was one 5.6% preferred share of Price of \$100 par value and two common share purchase warrants for each four common shares of Fraser Companies. On Nov. 15, 1967, the offer was withdrawn by The Price Company Limited as less than 51% of the company's shares were tendered.

In December, 1967, negotiations were terminated on a proposed takeover of the company by Continental Can Co. of Canada Ltd.

On Oct. 31, 1968, the company purchased all outstanding shares of W. H. Miller Company, Limited, which operated a sawmill and a dressing mill at Kedgwick, N.B.

Early in 1969, the company increased its investment in Rotheray Paper Corporation from 22% to 26%, but sold its holdings to Feldmuehle AG of Duesseldorf, Germany, subsequently during 1969 at a profit of \$1,933,000.

On July 31, 1969, the company reached an agreement to acquire the capital stock of Boiestown Lumber Limited which operated a sawmill and dressing mill at Boiestown, N.B. The company had planned to operate Boiestown as a division, but sold it at cost on Jan. 22, 1970.

Also on Jan. 22, 1970, the company sold all of the fixed assets of the Newcastle, N.B., bleached kraft mill and its related woods division. Net gain realized on the sale of the Newcastle and Boiestown facilities was \$6,653,000.

In April, 1974, control of the company was acquired by Northwood Mills Limited, a wholly owned subsidiary of Noranda Mines Limited of Toronto. Northwood acquired a total of 1,200,000 class A and B convertible common shares, representing 51% of the outstanding voting stock, through purchase of 547,705 shares (23%) from Genstar Limited and other large holders, and 652,295 shares (28%) through a first-come-first-served bid of 28% on the Toronto and Montreal Stock Exchanges. Total acquisition cost was estimated to exceed \$34 million.

Northwood subsequently increased its holding to 54.55% at Apr. 21, 1975, through purchases on the open market.

During 1976, W. H. Miller Company, Limited surrendered its charter.

During 1978, the company opened its \$1.2 million tree nursery at Second Falls, near Edmundston, N.B.

By Articles of Continuance, Apr. 11, 1979, the company's name was changed from Fraser Companies Limited to its present form.

During 1979, Northwood Mills Limited increased its interest in the company to 64.2%.

In November, 1979, the company purchased a 23.6% interest in the common shares of Frenswick Holdings Limited at \$19 per share for a total cost of \$30.8 million.

In early 1980, the company invested a further \$8.2 million in the common shares of Frenswick Holdings Limited thereby maintaining its 23.6% interest.

In mid-1981, the company bought a fine paper mill at Thorold, Ont. from Abitibi-Price Inc. for an undisclosed amount.

In September, 1982, the company purchased 50% of the J. Paul Levesque & Sons sawmill.

On February 4, 1983, the company, through a wholly-owned subsidiary, acquired 50% of the shares of Island Paper Mills Limited for \$25,840,000, payable as to \$15,000,000 cash and the balance by way of an unsecured promissory note payable in instalments from 1987 to 1989.

Also in 1983, the company sold its investment in preferred shares of Brascade Resources Limited for \$7,871,000.

On May 15, 1985, Noranda Inc. made an offer to acquire all outstanding common shares of the company, not already owned. Noranda offered one series B

convertible preferred share in exchange for each common share. On May 30, 1985, shareholders approved the amalgamation with Noranda. On June 12, 1985, the common shares of the company were delisted. (See also 'Amalgamation' under Capital Stock Changes.)

OFFICERS AND DIRECTORS

Officers—Knut Grotterod, chm. & chief exec. officer; A. H. Zimmerman, vice-chm.; J. N. Bowersock, pres. & chief oper. officer; P. M. Belyea, sr. v-p, woodlands; M. B. Robinson, sr. v-p, fin.; N. P. O'Brien, sr. v-p & gen. mgr., Edmundston/Madawaska Paper group; R. A. Knapp, sr. v-p, mktg. & corp. devel.; E. S. Bailey, v-p purch., transport. & stores; W. D. Kerr, v-p, corp. tech. services; A. M. Moloney, v-p, sales, Edmundston/Madawaska Paper group; A. A. Ritchie, v-p & gen. mgr., mkt. pulp & wood prods. group; W. H. Matthews, v-p & gen. mgr., Thorold Papers/Boxboard group; R. D. McLean, v-p, human resources; I. Campbell, v-p sales, Thorold/Boxboard group; G. L. Crozier, v-p, eng. & energy; J. D. Legris, v-p, sec. & gen. counsel; J. D. Sheldrick, v-p, fin.; K. L. Seely, treas.; D. G. McAlary, contr.

Directors—Knut Grotterod, J. N. Bowersock, Edmundston, N.B.; H. R. Crabtree, R. C. Frazee, Montreal; K. V. Cox, Saint John, N.B.; D. J. Hennigar, Bedford, N.S.; A. H. Zimmerman, C. E. Beigie, T. R. Price, Toronto; W. R. Clerihue, Vancouver; W. D. Eberle, Manchester, Mass.; R. T. Kenny, Buckingham, Que.; J. W. Bird, Fredericton, N.B.; J. Sewall, Old Town, Maine.

WHOLLY-OWNED SUBSIDIARY

Fraser Paper, Limited—Incorporated in 1925 in New Brunswick. The company is an integrated producer of forest products and owns and operates a paper mill in Madawaska, Maine.

ASSOCIATED COMPANIES

Island Paper Mills Limited—50% interest; 1010 Derwent Way, Annacis Island, B.C. V3L 5A5.

J. Paul Levesque & Sons Inc.—50% interest; Ashland, Maine 04732.

INVESTMENT

Kerr Addison Mines Limited—The company owns 1,712,042 common shares of Kerr Addison Mines with a market value at Dec. 31, 1984 of \$24,397,000.

CAPITAL STOCK

(As at Dec. 31, 1984)

	Author.	Outstand.
Preferred [▲]	Unlimited	191,376 shs.
Common	Unlimited	7,155,452 shs.

[▲]Originally issued by a subsidiary; all held by an affiliated company.

\$13 Cumulative Redeemable Retractable Preferred, series A—(Note—Issued by a wholly-owned subsidiary to an affiliated company; subsidiary wound up in 1984).

Entitled to cumulative preferential dividends of \$13 per share per annum. Redeemable at \$100 per share by 1990. Retractable between 1986 and 1988 at \$100 per share.

Issued—150,000 shares in 1983, by way of private placement, for \$15 million.

Common—Entitled to one vote per share.

Stock Purchase Plan—Under the provisions of this plan shares may be issued for the account of certain employees, including officers, at the discretion of the directors. Payment for shares issued under this plan is made by employees in instalments so that the aggregate purchase price will be paid within ten years.

PRICE RANGE OF STOCK

Common[▲]

Year	High	Low	Year	High	Low
1975	\$20.63	\$16.00	1980	\$24.00	\$15.00
1976	25.88	19.50	1981	28.88	16.50
1977	27.25	21.63	1982	17.13	8.50
1978*	15.00	8.13	1983	22.00	12.13
1979	17.50	13.25	1984	25.00	16.25

[▲]Class A common shares from Jan. 25, 1974 to Apr. 11, 1979.

*Adjusted for 3-for-1 stock split, Dec. 1, 1978.

Class B

Year	High	Low	Year	High	Low
1974 [▲]	\$28.75	\$32.50	1977	\$25.50	\$25.50
1975	19.25	16.00	1978*	13.00	12.00
1976	23.00	21.75	1979 [■]	15.00	13.00

[▲]Listed February 11. [■]To July 20, when delisted.

*Adjusted for 3-for-1 stock split, Dec. 1, 1978.

CAPITAL STOCK CHANGES

The company had originally 100,000 common shares, par value \$100, all outstanding. In 1925, there was preferred stock authorized of \$3,000,000, of which \$1,950,000 was offered at 97% by Royal Securities Corp. in February, 1925, and \$375,000 at a later date. The preferred was 7% cumulative and carried the privilege of conversion into common at par.

In October, 1927, the shareholders ratified the splitting of the common stock into no par value stock on the basis of three new for one old and authorized capital was further increased by the addition of 12,000 n.p.v. common shares. Following the split the conversion privilege of the preferred was changed to three new shares of no par value. By S.L.P. dated Dec. 7, 1928, the preferred shares outstanding (23,250) were converted into 69,750 common shares of no par value, and 6,750 unissued preferred shares were subdivided and converted into 20,250 common shares without par value, and the authorized capital was increased by the addition of 98,000 common shares without par value making a total of 500,000 common shares. 25,450 of the new shares were offered to shareholders of record Dec. 19, on the basis of one share at \$50 for each 15 shares held.

Through the reorganization plan in 1932, the outstanding stock (403,782 shares) was reduced to 20,189 shares by the cancellation of 19 out of each 20 outstanding shares, and 130,000 shares were issued in exchange for debentures and unsecured notes.

In 1934, 10,570, and in 1935, 6,260 common shares were issued to bondholders who exercised their option to take these shares instead of postponing the interest for the year.

Under the 1936 plan for the settlement of deferred interest, an additional 186,866 common shares were issued.

During 1937, 16,000 shares were issued in exchange for all the common stock of Fraser Realities, Limited.

By S.L.P. dated Dec. 10, 1948, the 500,000 authorized n.p.v. common shares were subdivided into 1,000,000 n.p.v. common shares of which 742,034 shares were outstanding; and 50,000 4% cumulative redeemable sinking fund preferred shares of \$100 par value were created and subsequently issued prior to Dec. 31, 1948.

During 1950, 27,440 preferred shares were redeemed at \$102 and cancelled, leaving 22,560 shares outstanding at Dec. 31, 1950.

By S.L.P. Apr. 7, 1951, the authorized number of preferred shares was reduced to 22,560 shares, reflecting cancellation of the shares so far redeemed.

During 1951, 8,282 preferred shares were purchased for cancellation, leaving 14,278 shares outstanding at Dec. 31, 1951. In 1952, to Feb. 15, an additional 37 shares were redeemed, and by S.L.P. dated Apr. 23, 1952, the number of authorized shares was reduced to 14,241, to coincide with the number of shares then outstanding.

By S.L.P. dated Apr. 23, 1952, the common shares were split on a 3-for-1 basis, and authorized common stock was increased to 3,000,000 shares from 1,000,000 shares, and the outstanding number of common shares increased to 2,226,102 shares from 742,034 shares.

On Oct. 15, 1954, all outstanding 4% preferred (14,241 shares) were redeemed at \$102 per share and accrued dividends.

Stock issued under the employees' stock purchase plan, which was set up in 1968, totaled 74,100 shares in 1968, 20,750 shares in 1969, 10,850 shares in 1970, 2,500 shares in 1971, 500 shares in 1972 and 5,850 shares in 1973, bringing capital stock outstanding at Dec. 31, 1973, to 2,340,652 common shares.

By S.L.P. dated Jan. 25, 1974, the authorized and issued n.p.v. common shares were redesignated as class A convertible n.p.v. common shares with the authorized amount being increased to 5,000,000 shares, and 5,000,000 class B convertible n.p.v. common shares were created.

During 1974, 3,750 shares were issued under employees' stock purchase plan and 101,550 class A shares were converted into a like number of class B shares, bringing the total number of shares outstanding at Dec. 31, 1974, to 2,242,852 class A shares and 101,550 class B shares.

In 1977, 5,000 shares were issued under the stock purchase plan.

By S.L.P. dated Dec. 1, 1978, the class A and class B shares were subdivided on a 3-for-1 basis. Giving effect to various interconversions since 1974 capital stock outstanding at Dec. 31, 1978 consisted of 6,164,906 class A and 883,300 class B shares.

Under Articles of Continuance, issued Apr. 11, 1979, the class A and B common convertible shares were reclassified as a single class of common shares, without nominal or par value, authorized to an unlimited extent.

Shares issued under employees' stock purchase plan have been as follows: 10,075 in 1979; 22,205 in 1980; 21,500 in 1981 and 12,300 in 1982. Also shares issued to shareholders electing dividends in stock in lieu of cash totaled 8,849 in 1979; 6,502 in 1980, 9,954 in 1981 and 5,715 in 1982.

At the shareholders meeting on Apr. 14, 1983, an unlimited number of preferred shares was created, issuable in series.

In 1983, 1,437 common shares were issued as stock dividends. Also during 1983, a subsidiary issued 150,000 \$13 retractable series A preferred shares to an affiliated company and a further 18,397 \$13 series A preferred shares as stock dividends.

During 1984, the affiliated company was wound up and 22,979 preferred shares were issued by the company in lieu of cash dividends. Also issued during the year were 6,050 common shares under the employee stock purchase plan and 2,659 common shares were issued as stock dividends. At Dec. 31, 1984, capital stock outstanding comprised 191,376 preferred shares and 7,155,452 common shares.

Amalgamation:

On May 30, 1985, shareholders approved the company's amalgamation with Noranda Inc., and the company's common shares were subsequently delisted on June 12, 1985. Minority shareholders received one Noranda series B preferred share for each common share held. The Noranda series B preferred shares have a par value of \$26 and pay a 9.25% dividend to July 15, 1988; thereafter the dividend will be set at 72% of the prime rate with a minimum of 7% and a maximum of 12%. From July 16, 1988 to July 15, 1995, the shares are convertible into Noranda common shares at a conversion price equal to 90% of the weighted average price of the common shares during the 20 trading days

ended July 15, 1988, subject to a minimum conversion price of \$20 per share. Each series B preferred share is convertible into 1.3 common shares with the payment of 1.3 times the difference between the conversion price and \$26. The preferred shares are retractable at \$26 on July 15, 1995.

DIVIDENDS

\$13 Retractable Preferred, series A—Issued by a subsidiary, privately held.

Common—Note—All shares acquired by Noranda Inc., and shares were delisted June 12, 1985. Previously shareholders could elect to receive their dividends in the form of cash or additional common shares. Last dividend was 15 cents per share, paid from June 29, 1984 to Sept. 28, 1984; thereafter dividend payments were omitted. Previously paid 10 cents per share from Dec. 30, 1983 to Mar. 30, 1984.

Initial rate on the \$100 par common shares was 1% per annum paid from 1920 to 1925. A dividend rate of 2% per annum was paid from 1926 to 1927.

Following a 3-for-1 stock split into no par value common stock in October, 1927, a dividend rate of \$1 per share per annum was paid in 1928 and 75 cents per share per annum was paid in 1929. There were no dividend payments on the common stock from 1930 to 1943.

Prior to the 1948 stock split, 35 cents per share was paid July 25, 1944, 35 cents paid Oct. 25, 1944, and Jan. 25, 1945; 50 cents Apr. 25, 1945, and regularly quarterly to and including Jan. 24, 1948; 75 cents paid Apr. 26, July 26 and Oct. 25, 1948.

Prior to the 3-for-1 split in April, 1952, initial payment (following the 2-for-1 split in December, 1948) was 50 cents paid Jan. 24, 1949; quarterly payments of like amount were made regularly thereafter to and including Oct. 22, 1951. Payments of 75 cents per share each were made Jan. 28 and Apr. 21, 1952.

Following the 3-for-1 stock split in April, 1952, \$1 per share per annum was paid quarterly from July 28, 1952 to Apr. 23, 1956, inclusive. The rate was increased to \$1.20 per share per annum with the payment of 30 cents on July 25, 1956, and paid regularly quarterly to July 31, 1967, inclusive. No further dividends were paid until dividends of 10 cents per share were paid on Dec. 28, 1968, and on Apr. 14, 1969. Quarterly payments of 15 cents per share were made on July 4 and Oct. 6, 1969, and of 25 cents on Dec. 29, 1969, and Mar. 16, June 15 and Sept. 15, 1970. Dividends of 15 cents per share were paid on Dec. 15, 1970 and Mar. 15, 1971. No further payments were made until 10 cents per share was paid Dec. 28, 1972, followed by 15 cents June 28, 1973, 20 cents Sept. 27, 1973, and 25 cents Dec. 27, 1973 (last prior to reclassification in January, 1974).

Following reclassification of common shares into class A and B shares in January, 1974, quarterly payments of 30 cents per share were paid on June 28 and Mar. 29, 1974. Rate was increased to \$1.60 per share per annum, paid quarterly from Sept. 27, 1974 to Sept. 24, 1976, inclusive. An annual rate of \$1.72 per share was paid quarterly from Dec. 29, 1976 to June 24, 1977, inclusive. On Sept. 30, 1977, a payment of 44 cents per share was made and 45 cents per share was paid on Dec. 29, 1977. An annual rate of \$1.84 per class A share was paid quarterly from Mar. 31, 1975 to Sept. 29, 1978.

Following the 3-for-1 stock split on Dec. 1, 1978, a quarterly dividend of 20 cents per share was paid on Dec. 22, 1978 and Mar. 30, 1979. During the period from reclassification, dividends on the class B common shares were paid at an equivalent rate to class A shares but on a tax-deferred basis to Dec. 22, 1978 (for payments, see table, following).

Following reclassification of class A and B shares into common shares on Apr. 11, 1979, quarterly payments of 25 cents per share were paid from June 29, 1979 to Dec. 28, 1979 inclusive and of 30 cents per share from Mar. 28 to Dec. 30, 1980, inclusive. Quarterly dividends of 35 cents per share were paid on Mar. 27, June 26 and Sept. 25, 1981. Dividends of 25 cents per share were paid on Dec. 30, 1981 and on Mar. 26

and June 25, 1982; five cents per share paid June 24 and Sept. 30, 1983; 10 cents per share paid Dec. 30, 1983 and Mar. 30, 1984; 15 cents per share paid June 29, 1984 to Sept. 28, 1984, and then omitted prior to acquisition of all shares by Noranda Inc.

Extras of \$1 per share were paid on Apr. 25, 1947; 50 cents Oct. 25, 1947; 50 cents Apr. 26 and Oct. 25, 1948; 12½ cents Jan. 24, 1949; 50 cents Dec. 22, 1950; \$1 Oct. 22, 1951, and 20 cents per share was paid Apr. 26, 1955, 30 cents per share paid Jan. 23, 1956, 20 cents paid July 25, 1956, 30 cents paid Jan. 21, 1957, Jan. 27, 1958, Jan. 26, 1959, and Jan. 25, 1960; 20 cents paid Jan. 28, 1963, Jan. 27, 1964, Jan. 25, 1965, Jan. 31, 1966 and Jan. 30, 1967; 5 cents paid Dec. 28, 1979.

4¼% Preferred (old)—Was entitled to \$4.75 per share per annum, cumulative from Dec. 21, 1948; payable quarterly Jan., Apr., July and Oct. 1. Initial payment was \$1.33 per share on Apr. 1, 1949; alternate quarterly payments of \$1.19 and \$1.18 made regularly thereafter to and including Oct. 1, 1954. A final dividend of 20 cents per share was paid for the period from Oct. 1 to Oct. 15, 1954, when the stock was redeemed on the latter date.

7%, \$100 Preferred (old)—A dividend rate of 5¼% was paid in 1925 and a rate of 7% was paid in 1926 and in 1927. The stock was redeemed on Jan. 30, 1928.

TAX-DEFERRED DIVIDENDS

From Dec. 22, 1971 to Dec. 22, 1978, the company made the following tax-deferred dividend distributions out of 1971 capital surplus on hand:

Class B Amount	Record	Amount	Record
30c	Mar. 8/74	40c	Sept. 3/76
30c	June 7/74	43c	Dec. 15/76
40c	Sept. 6/74	43c	Mar. 4/77
40c	Dec. 6/74	43c	June 3/77
40c	Mar. 7/75	44c	Sept. 9/77
40c	June 6/75	45c	Dec. 16/77
40c	Sept. 5/75	46c	Mar. 10/78
40c	Dec. 19/75	46c	June 9/78
40c	Mar. 5/76	46c	Sept. 8/78
40c	June 4/76	20c	Dec. 13/78

LONG-TERM DEBT

At Dec. 31, 1984, long-term debt outstanding totaled \$328,917,000 of which \$6,502,000 was due within one year. Debt comprised \$2,974,000 (US\$2,250,000) in

6½% sinking fund debentures, series A due 1987; \$33,941,000 (US\$25,680,000) in 10¼% sinking fund debentures, series B, due 1992; \$13,754,000 in notes payable; \$272,751,000 in bank revolving term loan; and \$5,497,000 obligations related to leased assets.

Debt repayments over the next five years (excluding the term bank loan) are as follows: \$6,502,000 in 1985; \$5,551,000 in 1986; \$9,189,000 in 1987; \$9,235,000 in 1988; and \$11,538,000 in 1989.

Details of long-term debt as follows:

Sinking Fund Debentures:

6½% Series A Debentures—Issued in exchange for 5½% first mortgage and collateral trust bonds in 1976; due 1987. Secured by a floating charge on the assets of the company. Outstanding at Dec. 31, 1984, \$2,974,000 (US\$2,250,000).

Privately placed by Burns Fry and Timmins Inc. and Warburg Paribas Becker Inc. in July, 1976.

10¼% Series B Debentures—Issued in July, 1976; due 1992. Secured by a floating charge on the assets of the company. Outstanding at Dec. 31, 1984, \$33,941,000 (US\$25,680,000).

Privately placed by Burns Fry and Timmins Inc. and Warburg Paribas Becker Inc. in July, 1976.

Bank Revolving Term Loan—Outstanding at Dec. 31, 1984, \$272,751,000 (including US\$62,000,000). Bears interest at rates which fluctuate with the lender's prime commercial rate. The bank loan has been made pursuant to arrangements whereby up to \$340 million will be made available as a long-term revolving line of credit until November, 1987, at which time the balance outstanding, if any, will be converted into a term loan repayable in equal semiannual instalments through 1998. Secured by an assignment of certain assets and a second floating charge of remaining assets of the company. The bank loan may be financed by way of various options and may be denominated in Canadian or U.S. funds.

Notes Payable—Outstanding at Dec. 31, 1984, \$13,490,000 notes payable with interest at prime, due to 1989 and \$264,000 (US\$200,000) notes payable due to 1985.

Obligations Under Capital Leases—At Dec. 31, 1984, \$5,497,000 was the present value of the company's obligations under capital leases.

INTERIM EARNINGS

Fiscal Year	Net Sales	Net Inc. Oper. 3 months	Earns. per Com. Sh.■	Net Sales	Net Inc. Oper. 6 months	Earns. per Com. Sh.■	Net Sales	Net Inc. Oper. 9 months	Earns. per Com. Sh.■
	\$000's		\$—	\$000's		\$—	\$000's		\$—
1978 ..	60,200	4,900	0.70	125,200	10,000	1.43	193,900	16,300	2.32
1979 ..	78,600	6,800	0.97	158,600	13,900	1.97	238,600	20,300	2.88
1980 ..	90,500	7,400	1.05	182,715	15,025	2.15	268,800	22,100	3.15
1981 ..	94,800	5,600	0.80	190,700	11,500	1.65	305,100	15,800	2.25
1982 ..	102,734	143	0.02	202,138	d1,043	d0.15	303,400	d3,300	d0.46
1983 ..	97,000	1,700	0.19	205,600	3,800	0.42	317,100	6,100	0.67
1984 ..	130,600	4,000	0.49	266,500	8,300	1.01	393,200	5,400	0.52
1985 ..	142,300	1,800	0.17	287,200	3,500	0.31	418,588	1,100	d0.11

■ Adjusted throughout for 3-for-1 stock split Dec. 1, 1978.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Years Ended December 31

	1984	1983■
	\$000's	
Cash provided by (used for)		
Operations:		
Net earnings	3,487	10,775
Deprec., depl. & amort.	31,312	24,321
Deferred inc. taxes	(2,378)	3,357
Equity inc.	753	(77)
Amort. fin. exp.	32	32
	33,206	38,388
Incr. working cap.	11,070	3,181
Cash from operations	22,136	35,207
Financing activities:		
Incr. l.-t. debt	13,465	81,169
Iss. pref. subsid.	.....	15,000
Incr. s.-t. notes	9,450	.....
Gov't. grants	1,361	5,421
Retire l.-t. debt	(5,119)	(16,266)
Other	139	11
Cash from fin.	19,296	85,335
Investment activities:		
Invest. in assoc. co.	.....	(26,959)
Incr. fixed assets, net	(39,368)	(94,966)
Reduct. in invest	.....	6,067
Total invest. activities	(39,368)	(115,858)
Dividends	(2,802)	(1,402)
	(42,170)	(117,260)
Cash:		
Beginning of year	6,057	2,775
Increase (decrease) in cash	(738)	3,282
End of year	5,319	6,057

■ As shown in 1984 annual report.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Years ended December 31

	1984	1983	1982	1981	1980	1979	1978
				\$000's			
Net sales	529,538	435,913	397,605	422,172	362,184	321,038	265,129
Add: Int. & other inc.						1,294	786
Less: Cost of sales, etc.	461,080	383,525	366,460	368,344	301,314	262,104	214,935
Net before deprec., etc.	68,458	52,388	31,145	53,828	60,870	60,228	50,980
Less: Dep., depl. & amort.	31,312	24,321	21,118	20,565	18,227	12,220	9,516
Interest expense (net)	31,332	13,224	17,761	18,531	12,166	4,240	484
Income taxes: Current	4,042	1,471	▲847	712	▲1,925	2,325	12,207
Deferred	▲2,378	3,357	▲3,746	5,728	11,252	15,415	6,214
Add: Equity income	d663	740	d1,620	7,891	8,196	1,507	.....
Net income	3,487	10,755	d4,761	16,183	29,346	27,535	22,559
Add: Previous ret. earns.	182,433	174,947	173,585	166,556	145,608	125,103	107,196
Prior years, adjust.			■9,657				.....
Less: Common divs.	2,861	1,429	3,534	9,154	8,398	7,030	4,652
Subsid. pref. divs.	2,298	1,840	.....	.....	.....	.....	.....
Retained earnings	180,761	182,433	174,947	173,585	166,556	145,608	125,103

▲Credit. ■ See "Accounting Changes" on page 3.

□ Taxes on income were reduced by \$471,000 in 1981, \$4,923,000 in 1980, \$1,860,000 in 1979 and \$163,000 in 1978 due to the application of Canadian and U.S. federal investment tax credits; see also "Accounting Changes," on page 3.

Remuneration—Of officers and directors has been as follows: \$1,921,249 in 1984; \$1,486,959 in 1983; \$1,146,305 in 1982; \$1,200,016 in 1981; \$1,158,935 in 1980; \$979,658 in 1979; and \$683,000 in 1978.**Times All Interest Earned:**

Before dep., depl. & amort.	2.18	3.96	1.75	2.90	5.00	14.20	105.33
After dep., depl. & amort.	1.19	2.12	0.56	1.79	3.51	11.32	85.67

Earnings per Share:

Common*	\$0.17	\$1.25	\$d0.67	\$2.30	\$4.19	\$3.91	\$3.20
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*Based on the weighted average number of shares outstanding during the year after deducting dividends on preferred shares issued by subsidiary; adjusted throughout for 3-for-1 stock split Dec. 1, 1978. Designated as class A and B shares prior to reclassification, April, 1979.

Dividends Paid:

Common□	\$0.40	\$0.20	\$0.50	\$1.30	\$1.20	\$0.75+ 0.05	.....
Class A■	.....	.....	.....	.....	.....	\$0.20	\$0.20
Class B■	.....	.....	.....	.....	.....	0.20	*0.20
Class A	.....	.....	.....	.....	.....	.....	1.38
Class B	.....	.....	.....	.....	.....	.....	*1.38

■ Following 3-for-1 stock split, Dec. 1, 1978.

*Tax-deferred.

□ Following reclassification of class A and B shares as common stock April, 1979.

CONSOLIDATED BALANCE SHEET, AS AT DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
	\$000's						
Assets							
Current:							
Cash	5,319	6,057	2,775	2,288	5,048	1,478	4,113
Accounts receivable	52,361	46,655	37,050	39,988	33,721	29,736	21,427
Income taxes recov.	1,006	.....	4,576	4,300	6,730	2,142	.....
Inventories*:							
Pulpwood & logs	21,567	19,969	17,335	24,442	21,935	19,259	15,921
Raw mater. & supp.	32,296	29,361	28,485	30,435	27,036	22,576	16,777
Goods in proc. & fin. prod.	16,560	8,948	10,559	9,206	5,949	5,245	4,538
Prepaid expenses	658	871	2,156	2,049	1,378	828	756
	129,767	111,861	102,936	112,708	101,797	81,264	63,532
Due under stk. plan	625	630	711	697	453	205	144
Income tax .....	.....	.....	.....	.....	664	664	664
Deferred charge	7,526	.....	.....	.....	.....	.....	.....
Deferred fin. exp.	307	339	301	325	355	385	416
Invest. in assoc. co.	67,048	67,801	46,832	50,352	44,462	30,537	.....
Fixed assets:							
Plants & properties	662,797	616,438	540,429	424,674	363,360	343,560	295,118
Less: Accum. dep. & depl.	214,040	179,190	170,234	154,126	139,988	132,298	122,579
Capital leases	■	12,669	12,674	13,929	7,930	8,331	.....
Less: Accum. amort.	■	7,855	6,031	4,626	2,875	1,860	.....
	448,757	442,062	376,838	279,851	228,427	217,733	172,539
	654,030	622,693	527,618	443,933	376,158	330,788	237,295
Liabilities							
Current:							
Due bank .....	.....	.....	.....	10,000	9,694	7,000	.....
Notes payable	9,450	.....	.....	.....	.....	.....	.....
Accts. pay. & accr.	61,198	52,297	51,150	43,929	37,388	34,832	31,373
L-t indebt. due 1 yr.	6,502	6,543	8,326	5,938	4,963	2,090	889
Income taxes pay. ....	.....	1,327	12	249	4,737	.....	9,095
Loan from affiliated co. ....	.....	.....	.....	.....	.....	9,000	.....
	77,150	60,167	59,488	60,116	56,782	52,922	41,357
Long-term debt:							
6½% ser. A, due 1987	2,974	3,240	4,050	4,860	5,610	5,669	6,480
10½% ser. B, due 1992	33,941	28,500	30,871	33,241	35,612	35,612	35,612
Money mortgage .....	.....	.....	20,000	24,000	24,000	24,000	.....
Term loan	272,751	262,189	184,263	82,335	32,000	18,600	.....
Cap. lease oblig.	5,497	5,981	7,615	9,923	5,426	5,524	.....
Notes payable	13,754	12,483	737	.....	.....	.....	.....
Less: Amt. due in 1 yr. \$	6,502	5,891	7,720	5,462	4,399	▲	.....
	322,415	306,502	239,816	148,897	98,249	89,405	42,092
Deferred income taxes	8,008	48,936	45,579	55,034	49,306	38,054	22,639
Shareholders' Equity							
Capital stock:							
Common	46,558	7,815	7,788	7,581	6,916	6,377	6,104
Preferred	19,138	.....	.....	.....	.....	.....	.....
Subsid. preferred .....	.....	16,840	.....	.....	.....	.....	.....
Less: Pro rata interest .....	.....	.....	.....	1,280	1,651	1,578	.....
Retained earnings	180,761	182,433	174,947	173,585	166,556	145,608	125,103
	654,030	622,693	527,618	443,933	376,158	330,778	237,295

■ Shown under plants & property.

▲ Deducted from individual amounts in 1979 and prior years. \$At historical exchange rates.

*Pulpwood and logs, raw materials and supplies carried at lower of cost and replacement cost; goods in process and finished products valued at lower of cost and net realizable value.

Commitments—At Dec. 31, 1984, contractual commitments for capital expenditures (including the Atholville Mill project) amounted to approximately \$7,000,000.

Working Capital (\$000's):

Current assets	129,767	111,861	102,936	112,708	101,797	81,264	63,532
Current liabilities	77,150	60,167	59,488	60,116	56,782	52,922	41,357
Working capital	52,617	51,694	43,448	52,592	45,015	28,342	22,175
Ratio	1.68—1	1.86—1	1.73—1	1.87—1	1.79—1	1.54—1	1.54—1

EQUITIES, AS AT DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
Net worth* (\$000's)	207,907	207,088	182,735	179,886	171,821	150,407	131,207
Debentures, per \$1,000	\$6,632	\$7,525	\$6,233	\$5,721	\$5,168	\$4,643	\$4,117
Preferred	1,086	1,230	.....	.....	.....	.....	.....
Common	26.38	26.62	25.57	25.47	\$24.50	21.52	18.62

*Available for the common stock; based on shareholders' equity. Debentures taken in at par for calculation of their equity. Preferred stock issued by subsidiary deducted at stated value before calculating equity per common share.

□ Excluding shares held by the parent company.

Shares Outstanding:

Common▲	7,155,452	7,146,743	7,145,306	□ 7,062,896	□ 7,013,327	□ 6,988,331	7,048,206
Subsid. preferred	191,376	168,397	.....	.....	.....	.....	.....

▲ Designated as class A and B shares prior to April, 1979.

□ Excludes 64,395 shares in 1981; 82,510 shares in 1980 and 78,799 shares in 1979, representing company's pro rata interest in its shares held by the parent company.

Year	Paper	Box-board	SALES		Lumber M fbm.	Net Sales \$
			Market Pulp	Total		
			Tons			
1933-40A				119,681	74,216	10,725,000
1941				169,913	72,193	17,998,000
1942				167,174	72,806	19,169,000
1943				166,669	57,691	19,783,000
1944				170,022	36,822	20,588,000
1945				172,022	38,945	21,125,000
1946				177,660	29,937	23,413,000
1947				183,355	30,876	29,523,000
1948				194,696	22,136	34,350,000
1949				183,770	20,587	30,949,000
1950				243,164	29,438	41,424,000
1951				256,173	26,563	52,994,000
1952				227,779	29,284	47,188,000
1953				243,192	23,866	47,971,000
1954				253,668	32,180	50,337,000
1955				273,169	32,746	55,229,000
1956				284,815	30,299	60,764,000
1957				265,214	23,042	57,558,000
1958				242,454	27,691	54,564,000
1959	161,467	25,055	53,874	240,396	31,397	55,133,000
1960	161,060	22,382	56,846	240,288	27,119	53,745,000
1961	160,370	18,606	89,936	268,912	31,089	55,605,000
1962	177,031	19,451	88,407	284,889	29,519	59,304,000
1963	180,098	20,437	121,598	322,133	32,733	61,862,000
1964	185,928	21,158	143,523	350,609	31,343	64,844,000
1965	202,956	22,298	102,276	327,530	30,337	66,586,000
1966	215,313	24,369	120,831	360,513	26,781	72,412,000
1967	203,243	24,407	128,731	356,381	27,435	70,881,000
1968	212,306	24,053	180,463	416,822	20,616	76,568,000
1969	241,734	27,998	211,058	480,790	33,033	91,327,000
1970	221,278	27,505	88,387	*337,170	39,016	73,730,000
1971	195,049	28,154	50,255	273,458	52,507	62,639,000
1972	322,771	29,118	49,151	401,040	57,153	90,926,000
1973	363,144	31,625	20,229	414,998	49,774	111,913,000
1974	383,063	32,389	10,533	425,985	46,190	158,228,000
1975	302,968	30,326	12,191	345,485	46,081	142,775,000
1976	375,633	32,628	9,994	418,255	56,764	180,654,000
1977	384,857	31,539	20,219	436,615	63,849	212,490,000
1978	399,033	30,630	43,595	473,258	81,167	265,129,000
1979	400,362	30,643	71,936	502,660	92,634	321,038,000
1980	414,825	30,502	67,635	512,962	87,309	362,184,000
1982	439,607	25,428	11,363	476,398	32,695	397,605,000
1983	486,480	31,541	2,914	520,935	52,914	435,913,000
1984	503,496	31,754	35,585	570,835	63,565	529,538,000

▲Average for the years 1933-40.

*Newcastle mill sold Jan. 22, 1970.

HISTORICAL SUMMARY

(As originally stated in the company's annual reports for the respective years.)

Years Ended Dec. 31	Total Assets	Working Capital	Long-term Debt	Net Sales	Net Inc. Oper.	Earns. per Com. Sh.	Com. Price Range High Low
			\$000's			—\$—	—\$—
1926	27,695	3,625	6,000		610	4.53	.....
1927	32,791	7,352	12,513		677	1.72	.....
1928	40,384	5,657	14,689		435	1.16	99.00 47.00
1929	52,340	4,225	17,972		d711	d1.76	88.50 15.00
1930	46,019	2,492	14,202		d4,219	d10.45	17.50 2.50
1931	41,351	1,369	14,689		d1,260	d3.12	3.00 0.50
1932	24,876	d1,067	8,702		d2,316	d15.42	1.25 0.25
1933	23,564	d89	9,231		d615	d4.06	3.00 2.25
1934	24,028	1,079	9,663		d372	d2.30	12.50 2.00
1935	23,368	2,475	9,787		d84	d0.50	8.50 1.75
1936	22,954	2,637	4,839		95	0.27	33.50 9.00
1937	24,608	3,011	7,713		760	2.05	50.00 11.50
1938	23,662	3,652	7,708		d18	d0.05	20.00 8.00
1939	23,391	3,841	7,575		d209	d0.56	22.00 5.00
1940	22,341	3,966	6,895		77	0.21	20.00 6.00
1941	21,476	3,665	5,906	17,998	378	1.02	14.00 4.50
1942	22,545	5,165	5,589	19,169	435	1.17	13.00 7.00
1943	25,676	5,679	5,530	19,783	917	2.47	20.00 12.50
1944	23,730	5,691	7,000	20,588	1,717	4.63	38.00 19.00
1945	23,229	6,350	7,000	21,125	1,764	4.75	56.00 34.75
1946	25,155	6,797	7,000	23,413	1,964	5.29	75.00 43.00
1947	23,832	6,272	6,650	29,523	3,981	10.73	58.50 42.00
1948	38,078	8,572	6,300	34,350	5,600	15.09	62.50 42.50
1949	37,862	6,845	5,950	30,949	2,937	3.63	28.25 17.50
1950	39,035	7,831	5,600	41,424	4,475	5.71	40.25 24.50
1951	44,223	9,513	5,250	42,994	5,434	7.20	68.50 38.50
1952	44,097	10,378	4,900	47,188	3,456	1.52	18.24 13.00
1953	44,416	10,942	4,550	47,971	2,974	1.30	18.00 13.50
1954	45,796	13,914	4,200	50,337	4,868	2.16	26.50 15.13
1955	49,298	15,183	3,850	55,229	5,711	2.56	36.25 25.00
1956	53,106	16,471	3,500	60,764	6,706	3.01	41.00 30.25
1957	53,293	15,319	3,150	57,558	5,299	2.38	33.50 20.75
1958	53,077	15,839	2,800	54,564	4,622	2.07	32.50 22.38
1959	53,254	14,824	2,450	55,133	4,151	1.86	35.00 25.50
1960	53,002	11,490	2,100	53,745	3,613	1.62	28.75 21.63
1961	53,747	13,379	1,750	55,605	3,381	1.52	29.25 21.00
1962	54,909	15,086	1,400	59,304	4,225	1.90	28.75 23.00
1963	59,273	16,542	1,050	61,862	4,188	1.88	32.25 25.25
1964	62,732	18,187	700	64,844	5,016	2.25	34.38 27.50
1965	88,404	29,007	16,549	66,586	5,440	2.44	36.00 27.00
1966	95,799	15,941	16,199	72,412	3,353	1.51	32.00 20.50
1967	95,064	15,711	15,389	70,681	41	0.02	28.00 16.50
1968	92,145	19,876	14,579	76,568	1,109	0.48	23.50 13.88
1969	97,431	23,186	13,769	91,327	4,403	1.90	29.00 18.25
1970	102,002	25,167	12,959	73,730	2,614	1.12	32.25 18.00
1971	97,604	6,478	12,149	62,639	d4,856	d2.08	21.00 11.25
1972	95,067	11,741	11,339	90,926	d751	d0.32	17.00 12.50
1973	116,134	21,763	10,529	111,913	7,840	3.36	26.00 16.38
1974	135,194	35,467	9,719	158,228	14,892	6.35	28.75 19.00
1975	130,080	36,807	8,909	142,775	7,212	3.08	20.63 16.00
1976	181,033	64,809	43,712	180,654	11,051	4.71	25.88 19.50
1977	200,289	43,008	42,901	212,490	13,853	5.90	27.25 21.63
1978	237,295	22,175	42,092	265,129	22,559	3.20	15.00 8.13
1979	330,778	28,342	89,405	321,038	27,535	3.91	17.50 13.25
1980	376,158	45,015	103,212	362,184	29,346	4.19	24.00 15.00
1981	443,933	52,592	154,835	422,172	16,183	2.30	28.88 16.50
1982	527,618	43,448	247,536	397,605	d4,761	d0.67	17.13 8.50
1983	622,693	51,694	312,393	435,913	10,755	1.25	22.00 12.13
1984	654,030	52,617	328,917	529,538	3,487	0.17	25.00 16.25

*Following a 1-for-10 stock consolidation on Dec. 4, 1933; a 2-for-1 stock split on Jan. 4, 1949; 3-for-1 stock split on Apr. 25, 1952; and 3-for-1 stock split Dec. 1, 1978.

▲In 1980 and subsequently includes amounts due in one year; net amounts in prior years.

(This information is obtained from sources we believe to be reliable, but is not guaranteed)

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